

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 SP-02 AID-05 COME-00 EB-08
FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 /059 W
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R 291728Z JUL 77

FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 3863
INFO TREASURY WASHDC
ALL USCONS MEXICO BY POUCH

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EO 11652: N/A

TAGS: ELAB, MX

SUBJECT: WAGE OUTLOOK--MORE FROM LABOR LEADERS ON
THEIR WAGE POLICY

REF: MEXICO 11003

1. TOP LABOR LEADER FIDEL VELASQUEZ IS QUOTED WIDELY IN JULY 28 PRESS AS REAFFIRMING ORGANIZED LABOR'S INTENTION TO HONOR THE WAGE TRUCE WITH PRESIDENT LOPEZ PORTILLO FOR DURATION OF THE "ECONOMIC CRISIS" BUT DENIED THAT THE 10 MAXIMUM FOR WAGE INCREASES WAS A PART OF THE TRUCE (REFTEL). VELASQUEZ IS QUOTED AS REAFFIRMING THE CTM POLICY ADOPTED JUNE 28 (REFTEL) THAT EACH OF THE CTM AFFILIATES "ARE FREE TO REACH (WAGE) AGREEMENTS WITH MANAGEMENT IN ACCORDANCE WITH THE (RESPECTIVE) CAPACITY OF THEIR ENTERPRISES." HE CLAIMED THAT WORKERS ARE LOSING GROUND IN TERMS OF REAL WAGES AND THAT THE "GENTLEMEN'S AGREEMENT" IS OF NO VALUE TO THE COUNTRY WHEN ONLY ONE OF THE PARTIES (LABOR) HONORS IT.

2. SENATOR NAPOLEON GOMEZ SADA, GEN. SECY. OF THE BIG
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MINERS CONFEDERATION AND PRESENTLY ROTATING HEAD OF THE CONGRESS OF LABOR WHICH ENCOMPASSES 95 OF THE ORGANIZED WORKERS, REPORTEDLY WAS MUCH FIRMER. HE CLAIMS THE CONGRESS WILL "FORMALLY SOLICIT THE PRESIDENT TO RELEASE LABOR FROM ITS PROMISE TO MODERATE ITS WAGE DEMANDS." FELIPE GONZALEZ, PRESIDENT OF CROC, THE SECOND-LARGEST MEXICAN LABOR CONFEDERATION, SAYS "THE TRUCE NEVER

EXISTED. EMPLOYERS AND RETAILERS NEVER COMPLIED (WITH THEIR PROMISE TO REIN PRICES) AND THE BURDEN OF THE ECONOMIC CRISIS HAS BEEN BORNE BY THE WORKERS."

3. COMMENT: WHILE WE PREVIOUSLY REPORTED THE CTM POLICY OF FREEING AFFILIATES FROM WAGE LIMITATIONS (REFTEL), THIS IS THE FIRST TIME TO OUR KNOWLEDGE THAT VELASQUEZ, THE KEY MAN FOR MAINTENANCE OF LABOR MILITANCY, HAS DISOWNED THE 10 WAGE MAXIMUM. THIS PROVISION IS OF COURSE THE MEAT OF THE "TRUCE" WITH JLP. WE DO NOT EXPECT THAT THESE REPORTED STATEMENTS SIGNAL A PERIOD OF UNRESTRAINED WAGE DEMANDS. JLP WILL UNDOUBTEDLY USE EVERY MEANS AT HIS DISPOSAL TO MODERATE WAGE INCREASES THROUGH VELASQUEZ, THE CONGRESS OF LABOR AND THE INDIVIDUAL UNIONS. THE MAGIC FIGURE OF 10 HOWEVER HAS SERVED ITS PURPOSE AND APPEARS TO HAVE BEEN CAST ASIDE. SEVERAL SIZABLE COLLECTIVE CONTRACTS SETTLED DURING THE PAST 45 DAYS HAVE CONTAINED 12 GENERAL WAGE HIKES AND HEAVIER-THAN-USUAL FRINGE BENEFITS.

4. A BANK OF MEXICO SOURCE TOLD US THAT MEXICO CITY CPI INCREASE IN JULY IS LIKELY TO BE SLIGHTLY UNDER 1. IF SO, THIS WOULD IMPLY AN AVERAGE INCREASE OF CPI OF ABOUT 1 PER MONTH FOR THE LAST THREE MONTHS. IF THE RATE OF INFLATION CAN BE CONTAINED AT ONE PERCENT A MONTH FOR THE BALANCE OF THE YEAR, WHICH IS THE GOM OBJECTIVE, PRESSURE FOR HIGHER WAGE INCREASES MAY BE EASIER TO
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, UNION GOVERNMENT RELATIONS, ECONOMIC STABILITY, LABOR UNION OFFICIALS, WAGE RATES, LABOR OBJECTIVES
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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